

# European Community NEWS

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## **DUISENBERG - SIMON DISCUSS FUTURE GOLD ROLE**

The Netherlands Minister of Finance Willem Duisenberg met with US Treasury Secretary William Simon in Washington for exploratory talks on the future role of gold in international monetary arrangements. Duisenberg reported on the two proposals recently drawn up by EC finance ministers. The ministers reasserted their view that Special Drawing Rights (SDR's) should become the future monetary system's main reserve asset and that new arrangements for gold during the interim period should be consistent with that goal. They also agreed that interim arrangements should allow monetary authorities to utilize monetary gold stocks as effective instruments of international settlement.

Simon agreed with Duisenberg that the future role of gold, including interim measures, should be settled by agreement on the broadest possible international basis. Simon emphasized that primary consideration should be given to the need for insuring that any changes in gold-related international agreements help to reduce the role of gold and to further the evolution of economically responsive international monetary arrangements.

## **ORTOLI TO UPPER VOLTA, IVORY COAST**

President of the EC Commission, Francois-Xavier Ortoli, will pay an official visit to Upper Volta May 16-18 and to the Ivory Coast May 19-21. Accompanied by Commission Secretary General Emile Noel and EC "development and cooperation" officials, Ortoli will meet with Upper Volta President Sangoule Lamizana and Ivory Coast President Felix Houphouet-Boigny. He will also meet with representatives of the Inter State Committee of the famine-stricken Sahel region in Ougadougou Upper Volta on May 18.

## **STATE-TRADE AGREEMENTS TO BE HANDLED THROUGH EC**

Trade agreements between European Community member states and state-trading countries may no longer be negotiated on a national basis, the Council of Ministers decided May 7 in Brussels. Henceforth, all trade negotiations will have to be conducted by the Community, the Council confirmed. The decision will affect the East-Bloc member countries of the Council for Mutual Economic Assistance who previously had negotiated national accords with several EC countries. The persistence of national agreements stems from Eastern Europe's reticence about treating the Community as a unit. In the past year, however, Comecon has indicated a willingness to open exploratory talks on future trade relations with the Community.

## US LABOR OFFICIALS TALK WITH COMMISSION

Effects of the European Community's social policy on multinational corporations and agriculture were discussed by US labor union representatives and EC Commission trade union and external relations officials in Brussels May 4-9. Forming the US delegation were Frank Fernbach, special assistant to United Steel Workers of America President I.W. Abel, William Kaufman, Philadelphia-South Jersey Joint Board member of the International Ladies' Garment Workers Union, and Harry Conn, Editor-in-Chief of Press Associates, Inc., an independent labor news service.

## 1973 A "BANNER YEAR" FOR US EXPORTS TO EUROPE

"The first year of the enlarged European Community was a banner year for US agricultural and industrial exports" to the Common Market, Jens Otto Krag said May 10 in an address before the Business Council Meeting at the Homestead in Hot Springs, Virginia. Krag is Chief of the EC Commission's delegation to Washington.

Krag discounted the claim that US exports would "suffer" from EC enlargement and that the United States is therefore entitled to EC compensation.

According to the US Department of Commerce, he said, US exports to EC countries rose 41 per cent from \$11.9 billion in 1972 to \$16.7 billion in 1973. Soybeans, the single most important US export, rose 84 per cent to \$1.2 billion, while corn nearly doubled to \$900 million, he said. Above average gains were also recorded for oilseed cake, wheat, organic chemicals, aircraft, valves, and transistor exports. Other major US export items such as office machines, measuring instruments, and tobacco also rose.

While attributing much of these "spectacular gains" to inflation, he

pointed out that the US export volume also expanded. The volume of soybean exports rose by about 65 per cent, corn 28 per cent, wheat 8 per cent, oilseed cake 4 per cent, and tobacco 10 per cent. "To me," he said, "these figures show that American farmers and businessmen are far more competitive than they realize." According to Krag, GNP figures and productivity estimates for the Seventies showed that one American produces roughly as much as 2.6 Europeans.

## EC INSURANCE RISK SHARING PLAN DRAFTED

A European Community plan allowing insurance companies to share the risk of a policy with other companies in their own member state or anywhere else in the Common Market was proposed this month, to the Council of Ministers by the Commission. The coinsurance plan would eliminate restrictions in certain member states which prevent companies from going directly to other EC member firms to share a contract. Coinsurance companies would only be liable for their share of the risk.

## EC CONFRONTED WITH GIANT APPLE SURPLUS

The European Community has more apples than it can sell, with 1973 stocks 390,000 tons higher than the year before, the Commission said in answer to a written question from the European Parliament. The surplus has dropped the price for apples below the basic EC price, causing about 150,000 metric tons of apples to be taken off the market. In effort to protect EC apple growers against market disturbing imports, the apple exporting countries of the southern hemisphere have agreed with the Commission to phase down shipments to the Community. Accordingly, the Community's apple imports from April to June 1974 will drop by about 15 per cent below the corresponding periods in 1971, 1972, and 1973.

## FOOD PRICE HIKES VARY WIDELY IN EC

Retail food and beverage prices in the European Community rose by an average of 7 per cent between January and October, 1973, according to a May 3 Commission answer to a written question from the European Parliament. Prices rose highest in Denmark (up 13 per cent), Britain (11 per cent), France (10 per cent), and Italy (9 per cent). Costs rose less sharply in the other EC countries, ranging from a low of 2.8 per cent in Germany to 5 per cent in the Netherlands.

## HILLERY TALKS ON US-EUROPEAN RELATIONS

"Links between the United States and Europe have always been and must continue to be of vital importance for both our peoples," Patrick Hillery said in a speech in New Orleans, Louisiana, on May 10. Hillery, EC Commission member responsible for social and labor affairs, addressed a conference organized by the US Atlantic Council and the University of New Orleans. He underlined the need for revitalizing US-EC relations "in an era of detente," to strengthen the "triangular understanding between the United States, the Community and Japan; to accommodate the emerging economic power of the oil producing countries; and to assume new responsibilities for the least favored nations of the world."

Hillery defended the EC industrial policy. "There is no discrimination against US companies or against any foreign companies as such." To the contrary, he continued, the Community's basic aim is to encourage and maintain a beneficial degree of competition rather than market dominance of any giant corporation.

Hillery also visited Washington, May 6-9, for talks with labor union and US Administration officials including Secretary of Health, Education, and Welfare Caspar W. Weinberger, Assistant Secretary of State for European Affairs Arthur H. Hartman, and Secretary of Labor Peter J. Brennan.

## GALLUP RECORDS BRITISH DISCONTENT WITH COMMUNITY

The British aren't happy about their membership, thus far, in the European Community, according to a recent Gallup Poll. Fifty-one per cent of the British interviewed by Gallup thought Britain had made a mistake in joining the Common Market last year, 33 per cent disagreed, and 17 per cent were undecided. EC support dropped 3 per cent since a month before.

The British are almost equally unsure whether the Community should exist at all. Asked if they'd be pleased if the Common Market was abolished, 43 per cent said "yes," 21 per cent were indifferent, and only 24 per cent would be sorry. There were 12 per cent of "don't knows."

Only 16 per cent found the European Community "united," against 60 per cent who said it was divided, a 6 per cent drop since February.

The British were also discontented about their close association with the United States: only 33 per cent preferred closer links with Washington to links with the Common Market, while 40 per cent favor closer links to the Market over closer links to America.

## EC BUSINESS CLIMATE BETTER THAN EXPECTED

The European Community's business climate is noticeably better than had been feared at the start of the energy crisis, according to the Commission's latest monthly issue of "Graphs and Notes on the Economic Situation in the Community." The Commission found heads of firms much less pessimistic and industrial activity still high, except in some consumer goods industries. The auto, textile, and clothing industries were especially hard hit. The EC labor market has stabilized recently and unemployment has dropped slightly in Britain and France, the report said. The cost of living, on the other hand, rose faster, as higher production costs showed up in consumer prices.

## EXPERTS TO ASSIST EC FOOD SAFETY EFFORTS

EC Commission efforts to reduce toxic or harmful substances in food products will be assisted by a panel of member state experts. The Scientific Committee for Food was recently set up by the Commission.

## EUROPE'S FIRST JUMBO JET NOW IN OPERATION

Europe's first jumbo jet, the "European Airbus," is now in commercial service with Air France. Germany, Spain, Brazil, and possibly Italy and Belgium - will introduce it later, but probably not in time for the tourist season. The Airbus has an Anglo-French design, and was built by Britain France, Germany, Spain, and the Netherlands with American (General Electric) engines.

Aimed at the short-haul intra-European market, the Airbus has a maximum seating capacity of 345 persons. Its takeoff noise can be heard over only four square miles--compared to 54 square miles for a conventional jumbo: its makers also claim it burns about 25 per cent less fuel per passenger.

## EC PROCEDURES SET UP FOR DUTCH STATE AIDS

The Dutch Government has agreed to a Commission proposed procedure for granting state aid to financial enterprises in the Netherlands. Under the system, the Dutch State can guarantee credits by the Nationale Investeringsbank (NIB) for industrial operations beneficial to the economy which involve too great a risk for NIB to finance without national guarantees. The guarantees can be granted for industrial operations such as industrial development, adaptation, and restructuring. Any industry may qualify for such aid.

Since the general nature of the system prevents the Commission from ascertaining whether its application will adversely affect EC competition and trade, the Netherlands has agreed to notify it of the programs selected, specifying the industry, and of cases where sizeable guarantees were given to individual businesses.

## CORRECTION

The April 26 issue of European Community News should have been numbered 15 instead of 16. No number 15 was published.

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